

EXHIBIT 1

INTRODUCTION

Respondent Orrin Cocks was an unsuccessful candidate for San Luis Obispo County Supervisor in the 1998 Consolidated General Election. The Committee to Elect Orrin Cocks Supervisor (hereinafter the “Committee”), was the controlled committee of Respondent Cocks in his campaign for supervisor, having been formed on May 20, 1997, and terminated on January 8, 1999.

Under the authority of the Political Reform Act (the “Act”),¹ the Franchise Tax Board audited the Committee for the period January 1, 1997, through December 31, 1998. The audit revealed that Respondent Cocks made campaign expenditures from his personal accounts instead of from the required single designated campaign bank account, in violation of section 85201, subdivision (c). Further, Respondent Cocks failed to disclose payments made to campaign consultant Richard Reddick on the Committee’s campaign statements, and instead simply reported the payments made by Richard Reddick to various sub-vendors as though the payments had been made directly by the Committee, in violation of section 84211, subdivision (j).

For the purposes of this Stipulation, Respondent’s violations of the Political Reform Act are stated as follows:

COUNT 1: From May 16, 1998 through December 31, 1998, Respondent Orrin Cocks failed to disclose on campaign statements that Richard Reddick, Respondent’s campaign consultant, was the recipient of payments totaling \$46,534, in violation of section 84211, subdivision (j) of the Government Code.

COUNT 2: On September 19, 1998, Respondent Orrin Cocks made a campaign expenditure of \$35,000 directly from Respondent Cocks’ personal equity line account, instead of through the required single designated campaign bank account, in violation of section 85201, subdivision (c) of the Government Code.

COUNT 3: On October 22, 1998, Respondent Orrin Cocks made a campaign expenditure of \$8,000 directly from Respondent Cocks’ personal equity line account, instead of through the required single designated campaign bank account, in violation of section 85201, subdivision (c) of the Government Code.

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, *et seq.* All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

SUMMARY OF THE LAW

Section 85201, subdivision (a) requires a candidate to establish a single campaign bank account upon filing a statement of intention to seek office. Section 85201, subdivision (c) states that “[a]ll contributions or loans made to the candidate, to a person on behalf of the candidate, or to the candidate’s controlled committee shall be deposited in the account.” Section 85201, subdivision (d) states that “[a]ny personal funds which will be utilized to promote the election of the candidate shall be deposited in the account prior to expenditure.” Section 85201, subdivision (e) requires that “[a]ll campaign expenditures shall be made from the account.”

Section 84211 sets forth the required contents for campaign statements that must be filed. Section 84211, subdivision (j) requires candidates and their controlled committees to include on their campaign statements itemized information about the persons to whom a candidate’s committee has made an expenditure of one hundred dollars or more during the reporting period covered by the campaign statement. The itemized information must include the person’s full name, street address, the amount of the expenditure, and a brief description of the consideration for which each expenditure was made.

SUMMARY OF THE FACTS

COUNT 1

From May 16, 1998 through December 31, 1998, Respondent Cocks made eight payments to campaign consultant Richard Reddick, totaling \$56,978. These were all campaign expenditures; however, only \$10,444 of these expenditures was disclosed in the Committee’s campaign statements as being payments to Mr. Reddick. Instead, Respondent Cocks reported the other \$46,534 in payments to Richard Reddick as payments made to various sub-vendors utilized by Mr. Reddick during the campaign, as though the payments had been made directly by the Committee, in violation of section 84211, subdivision (j).

COUNT 2

On September 19, 1998, Respondent Cocks paid \$35,000 from his home equity line account directly to campaign consultant Richard Reddick, for print and broadcast campaign advertising, and related expenditures. By making this campaign expenditure directly from his personal account, Respondent Cocks violated section 85201, subdivision (c).

COUNT 3

On October 22, 1998, Respondent Cocks paid \$8,000 from his home equity line account directly to campaign consultant Richard Reddick, for print and broadcast campaign advertising, and related expenditures. By making this campaign expenditure directly from his personal account,

Respondent Cocks violated section 85201, subdivision (c).

CONCLUSION

This matter involves three counts, each carrying a maximum administrative penalty of Two Thousand Dollars (\$2,000), for a total maximum possible administrative penalty of Six Thousand Dollars (\$6,000).

Respondent Cocks acted alone in committing the acts described above, without the knowledge of his treasurer. Further, the Committee's treasurer would not have, otherwise, been reasonably aware of Respondent's Cocks' acts, because they flowed from account transactions outside of the campaign account, and Respondent Cocks provided no information to the treasurer in this regard.

The facts of this case show a pattern of violations, particularly in the use of funds from accounts other than the campaign account, to pay for campaign expenditures. Such practices are inherently deceptive to the public concerning the sources, nature, and scope of a candidate's campaign resources. The deceptive effect of such practices is amplified when combined with substantial non-reporting of campaign expenditures, as in this case.

Notwithstanding the seriousness of the violations, there does not appear to have been any intent by Respondent to deceive the public, but rather a misapprehension of the reporting requirements of the Act as they pertain to reporting the use of personal funds in a campaign. Moreover, the fact that these transactions involved only the use of personal funds, and were not used to shield contributors from public scrutiny, limits the public harm caused. The lack of intent to deceive the public is further supported by the fact that sub-vendors were reported for the unreported consultant expenditures. While the non-disclosure of payments to the campaign consultant had the potential to deceive the public as to the professional nature of the campaign, Respondent Cocks' employment of Mr. Reddick was otherwise disclosed, further mitigating the public harm of that violation. In light of these factors, the agreed upon administrative penalty of Four Thousand Dollars (\$4,000) is justified.